

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>15-</u>
v.	:	DATE FILED: _____
KENNETH KAPIKIAN DENNIS GAGLIARDI	:	VIOLATION: 18 U.S.C. § 1343 (wire fraud – 7 counts) 18 U.S.C. § 1956(h) (conspiracy to commit money laundering - 1 count) 18 U.S.C. § 2 (aiding and abetting) Notice of forfeiture :

INFORMATION

COUNTS ONE TO FOUR

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. Meyer Jabara Hotels, LLC (“Meyer Jabara”) was a management company responsible for providing management services to the Sheraton University City Hotel located at 3549 Chestnut Street, Philadelphia, Pennsylvania. The Sheraton University City Hotel is owned by the University of Pennsylvania. The Sheraton University City Hotel has its business bank account with Sovereign Bank, which is insured by the Federal Deposit Insurance Corporation (“FDIC”).

2. Defendant KENNETH KAPIKIAN was employed by Meyer Jabara and was the “General Manager” at the Sheraton University City Hotel. In his capacity as general manager, defendant KAPIKIAN oversaw all aspects of the day-to-day financial and personnel management of the Sheraton University City Hotel. Defendant KAPIKIAN had the authority to hire vendors and enter into contracts with vendors on behalf of the Sheraton University City

Hotel and authorize payment to vendors on behalf of the Sheraton University City Hotel.

3. Defendant KENNETH KAPIKIAN maintained a personal bank account at PNC Bank, a financial institution which operated in interstate commerce and was insured by the FDIC. Defendant KAPIKIAN also established a corporation named “Bachigs, Inc” that had a business account with TD Bank, a financial institution which operated in interstate commerce and was insured by the FDIC.

4. Defendant DENNIS GAGLIARDI was employed by Meyer Jabara and was the “Chief Engineer” at the Sheraton University City Hotel. Defendant GAGLIARDI was responsible for the operation and maintenance of the physical hotel building.

5. Defendant DENNIS GAGLIARDI maintained a personal bank account at TD Bank, a financial institution which operated in interstate commerce and was insured by the FDIC.

6. Defendants KENNETH KAPIKIAN and DENNIS GAGLIARDI created Cold Wash Zone, LLC, in or around June 2006, initially to assume the equipment leases of a company named “Polar Wash,” which was a company that made and installed laundry machines in hotels. All legitimate business functions of Cold Wash Zone, LLC, ceased in 2008. Cold Wash Zone, LLC, had business bank accounts at TD Bank and Wells Fargo Bank, both financial institutions which operated in interstate commerce and were insured by the FDIC. Defendant GAGLIARDI was the signatory for both the TD Bank and Wells Fargo Bank Cold Wash Zone, LLC, business bank accounts.

7. Co-conspirator 3, a person known to the United States Attorney, is the owner of an interior design company that provides services to hotels. Co-conspirator 3’s

interior design company provided services to the Sheraton University City Hotel.

8. Co-conspirator 4, a person known to the United States Attorney, is the owner of an information technology “IT” company. Co-conspirator 4’s company provided IT services to the Sheraton University City Hotel.

9. Co-conspirator 5, a person known to the United States Attorney, is the owner of a renovation and construction company. Co-conspirator’s company provided construction and renovation services to the Sheraton University City Hotel.

THE SCHEME

10. From in or around November 2009 to in or around December 2013, in the Eastern District of Pennsylvania, and elsewhere, defendants

KENNETH KAPIKIAN, and DENNIS GAGLIARDI

and others known and unknown to the United States Attorney, knowingly devised a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

11. Defendant KENNETH KAPIKIAN and defendant DENNIS GAGLIARDI instructed vendors who provided services to the hotel, including co-conspirators 3, 4, and 5, to fraudulently inflate service invoices submitted by them by as high as approximately 20 percent for services rendered.

12. Co-conspirators 3, 4, and 5 inflated the invoices of their respective companies submitted to the Sheraton University City Hotel and then provided the additional and

ill-gotten inflated funds to defendants KENNETH KAPIKIAN and DENNIS GAGLIARDI as kickbacks.

13. From in or about February 2013 to in or about December 2013, co-conspirator 3 prepared approximately 58 fraudulent invoices on behalf of her interior design business, by falsely inflating costs for services rendered to the Sheraton University City Hotel, as instructed by defendant KENNETH KAPIKIAN.

14. From in or about February 2013 to in or about December 2013, co-conspirator 3 paid defendant KENNETH KAPIKIAN kickbacks in approximately 58 payments totaling approximately \$499,915 from the payments she received from the Sheraton University City Hotel pursuant to her inflated invoices.

15. From in or about March 2013 to in or about August 2013, defendant KENNETH KAPIKIAN deposited 48 of the 58 payments received from co-conspirator 3 totaling approximately \$425,059.94, into his personal PNC bank account.

16. From in or November 2009 to in or about December 2013, co-conspirator 4 prepared fraudulent invoices on behalf of his IT company by both charging for particular IT services not rendered, as directed by defendant KENNETH KAPIKIAN, and by falsely inflating costs for IT services actually rendered to the Sheraton University City Hotel, as instructed by defendant DENNIS GAGLIARDI.

17. From in or about November 2009 to in or about August 2013, co-conspirator 4 prepared approximately 5 fraudulent invoices on behalf of his IT company by falsely inflating costs for services rendered to the Sheraton University City Hotel, as instructed by defendant DENNIS GAGLIARDI.

18. From in or about November 2009 to in or about December 2013, co-conspirator 4 paid defendant DENNIS GAGLIARDI kickbacks in approximately 5 payments totaling approximately \$7291.00, from the payments he received from the Sheraton University City Hotel pursuant to his inflated invoices.

19. From in or about November 2009 to in or about December 2013, defendant DENNIS GAGLIARDI deposited the 5 payments totaling approximately \$7291.00 received from co-conspirator 4 into his personal TD Bank account.

20. From in or about June 2011 to in or about December 2013, co-conspirator 4 prepared approximately 11 fraudulent invoices on behalf of Practical Network Solutions, Inc., by falsely charging for “network monitoring” services never rendered to the Sheraton University City Hotel, as instructed by defendant KENNETH KAPIKIAN.

21. From in or about June 2011 to on or about December 2013, co-conspirator 4 paid to defendant KENNETH KAPIKIAN’s Bachigs, Inc., TD Bank account, kickbacks in approximately 11 payments totaling approximately \$136,000 from the payments received from the Sheraton University City Hotel pursuant to his false invoices.

22. From in or about June 2011 to in or about December 2013, defendant KENNETH KAPIKIAN deposited the 11 payments totaling approximately \$136,000 received from co-conspirator 4 into his Bachigs, Inc., TD Bank business account.

23. From in or about March 2013 to in or about April 2013, co-conspirator 5, at the direction of defendant KENNETH KAPIKIAN, signed over two checks issued by the Sheraton University City Hotel’s Sovereign Bank account totaling approximately \$67,200 to defendant KAPIKIAN as kickbacks for a construction contract.

24. On or about March 20, 2013, and April 12, 2013, defendant KENNETH KAPIKIAN deposited the two checks totaling approximately \$67, 200 given to him by co-conspirator 5 into his personal PNC bank account.

25. On or about the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendants

**KENNETH KAPIKIAN, and
DENNIS GAGLIARDI**

and other persons known and unknown to the United States Attorney, for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION
1	April 14, 2011	Check # 16640 in the amount of \$2,352, provided by co-conspirator 4 to defendant GAGLIARDI was deposited into defendant GAGLIARDI's TD Bank Account in Pennsylvania and processed electronically by TD Bank in New Jersey.
2	April 12, 2013	Sheraton University City Hotel, Sovereign Bank Check #126824 in the amount of \$33,600, provided by co-conspirator 5 to defendant KAPIKIAN was deposited into defendant KAPIKIAN's PNC Bank Account in Pennsylvania and processed electronically by PNC Bank in New York.
3	August 15, 2013	Check # 2616 in the amount of \$9,700, provided by co-conspirator 3 to defendant KAPIKIAN was deposited into defendant KAPIKIAN's PNC Bank Account in Pennsylvania and processed electronically by PNC Bank in New York.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT	DATE	DESCRIPTION
4	December 4, 2013	Check # 1724 in the amount of \$20,500, provided by co-conspirator 4 to defendant KAPIKIAN was deposited into defendant KAPIKIAN's Bachigs, Inc., TD Bank Account in Pennsylvania and processed electronically by TD Bank in New Jersey.

COUNTS FIVE TO SEVEN

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 through 6 of Counts One to Four are incorporated and realleged here.

THE SCHEME

2. From in or around May 2008 to in or around December 2013, defendants

**KENNETH KAPIKIAN, and
DENNIS GAGLIARDI**

knowingly devised a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

3. Starting in or around May 2008, defendants KENNETH KAPIKIAN and DENNIS GAGLIARDI submitted fraudulent invoices for payment to the Sheraton University City Hotel for services purportedly rendered by Cold Wash Zone, LLC, when in fact defendants KAPIKIAN and GAGLIARDI had not provided any services to the hotel through Cold Wash Zone, LLC. Defendants KAPIKIAN and GAGLIARDI used the funds received from Sheraton University City Hotel for their own personal uses.

4. From in or about May 2008 to in or about October 2013, defendants KENNETH KAPIKIAN and DENNIS GAGLIARDI prepared approximately forty-nine fraudulent invoices on behalf of Cold Wash Zone, LLC, totaling approximately \$2,328,977 and submitted them to the Sheraton University City Hotel for payment for services that were never rendered, which the Sheraton Hotel paid to the defendants.

5. From in or around May 2008 and December 2013, defendants KENNETH

KAPIKIAN and DENNIS GAGLIARDI deposited those checks into either the Cold Wash Zone, LLC., TD Bank account or Wells Fargo Bank account.

6. On or about the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendants

**KENNETH KAPIKIAN, and
DENNIS GAGLIARDI**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION
5	June, 23, 2011	Sheraton University City Hotel Sovereign Bank Account Check #122867 in the amount of \$78,500 deposited into Cold Wash Zone, LLC TD Bank account in Pennsylvania and processed electronically by TD Bank in Georgia.
6	October 6, 2012	Sheraton University City Hotel Sovereign Bank Account Check #125730 in the amount of \$85,700 deposited into Cold Wash Zone, LLC TD Bank account in Pennsylvania and processed electronically by TD Bank in Georgia.
7	December 4, 2013	Sheraton University City Hotel Sovereign Bank Account Check # 127974 in the amount of \$91,000 deposited into Cold Wash Zone, LLC Wells Fargo Bank account in Pennsylvania and processed electronically by Wells Fargo Bank in Georgia.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT EIGHT

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. The general allegations in paragraphs 1 through 25, of Counts One to Four are realleged and incorporated here.

2. From in or around May 2008 to in or around January 2014, in the Eastern District of Pennsylvania, and elsewhere, defendants

**KENNETH KAPIKIAN, and
DENNIS GAGLIARDI**

conspired and agreed together and with others known and unknown to the United States Attorney, to knowingly conduct and attempt to conduct one or more financial transactions, knowing that the properties involved in the financial transactions represented the proceeds of some form of unlawful activity, and which, in fact, involved the proceeds of specified unlawful activity, that is, wire fraud, knowing that the financial transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of such specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i) and (a)(1)(B)(i).

All in violation of Title 18, United States Code, Section 1956(h).

NOTICE OF FORFEITURE NO. 1

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 1343, as set forth in this information, defendants

**KENNETH KAPIKIAN, and
DENNIS GAGLIARDI**

shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such offenses, including, but not limited to, the sum of \$3,039,383.51 and:

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Sections 981(a)(1)(C).

NOTICE OF FORFEITURE NO. 2

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1956(h), set forth in this information, defendants

**KENNETH KAPIKIAN, and
DENNIS GAGLIARDI**

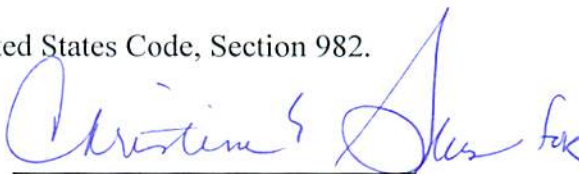
shall forfeit to the United States of America any and all property involved in such offense, and any property traceable to such property.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982.


ZANE DAVID MEMEGER
United States Attorney

CMR

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

INFORMATION

DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar. 15a 217

Address of Plaintiff: 615 Chestnut Street, Suite 1250, Philadelphia, PA 19106-4476

Post Office: Philadelphia

County: Philadelphia

City and State of Defendant: Wayne, PA

County: _____

Register number: _____

Place of accident, incident, or transaction: _____

Eastern District of Pennsylvania

Post Office: Philadelphia

County: Philadelphia

RELATED CASE, IF ANY:

Criminal cases are deemed related when the answer to the following question is "yes".

Does this case involve a defendant or defendants alleged to have participated in the same action or transaction, or in the same series of acts or transactions, constituting an offense or offenses?

YES/NO: Yes

Case Number: 15-205, 15-206

Judge: Rufe

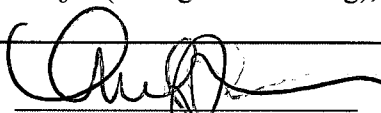
CRIMINAL: (Criminal Category - FOR USE BY U.S. ATTORNEY ONLY)

1. ☐ Antitrust
2. ☐ Income Tax and other Tax Prosecutions
3. ☐ Commercial Mail Fraud
4. ☐ Controlled Substances
5. ☐ Violations of 18 U.S.C. Chapters 95 and 96 (Sections 1951-55 and 1961-68) and Mail Fraud other than commercial
6. ☒ General Criminal

(U.S. ATTORNEY WILL PLEASE DESIGNATE PARTICULAR CRIME AND STATUTE CHARGED TO BE VIOLATED AND STATE ANY PREVIOUS CRIMINAL NUMBER FOR SPEEDY TRIAL ACT TRACKING PURPOSES)

18 U.S.C. § 1343 (wire fraud – 7 counts); 18 U.S.C. § 1956(h) (conspiracy to commit money laundering – 1 count); 18 U.S.C. § 2 (aiding and abetting); Notice of forfeiture

DATE: 5-22-15



Melanie Babb Wilmoth
Assistant United States Attorney

File No. 2013R00744

U.S. v. Kenneth Kapikian, et al.